

SEP 12 2003

Memorandum
by Council Liaison's Office

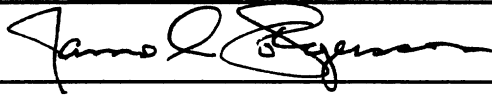
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia
Scott P. Johnson

SUBJECT: SEE BELOW

DATE: September 9, 2003

Approved



Date

9.12.03

COUNCIL DISTRICT: Citywide

INFORMATION

SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE DIRECTOR OF HOUSING AND THE DIRECTOR OF FINANCE UNDER THE DIRECTORS' DELEGATION OF AUTHORITY FOR THE PERIOD APRIL 1, 2003 TO JUNE 30, 2003

BACKGROUND

On September 4, 1990, the City Council adopted Ordinance No. 23589, which delegated to the Director of Housing certain specified authorities in the administration of the City's comprehensive affordable housing program (the "Delegation of Authority"), codified in Chapter 5.06 of the Municipal Code. On May 23, 2000, the Delegation of Authority was amended by Ordinance No. 26127 to clarify certain sections and add several other provisions. On June 25, 2002, the Delegation of Authority was further amended by Ordinance No. 26657 to add several provisions to the already delegated authority of the Directors of Housing and Finance. Additionally, the City Manager delegated to the Director of Housing the Contract Authority granted to the City Manager by Part 6 of Chapter 5.06 of the Municipal Code. These recent changes became effective 30 days later, or July 25, 2002.

This report has been prepared pursuant to the provisions of the Ordinance. The subject report covers activities under the revised Ordinance for the period of April 1, 2003 to June 30, 2003.

ANALYSIS

The Delegation of Authority Ordinance authorizes the Director of Housing: to develop and implement additional guidelines for housing programs; to adjust terms on housing loans and grants; to change the funding sources of a loan; to convert loans to grants; to loan or grant Housing and Homeless funds, Predevelopment funds and Housing Rehabilitation Program funds;

to negotiate and execute grant agreements necessary to implement Council-approved programs adopted in the Annual Action Plan of the Consolidated Plan; to provide management for, and/or dispose of, properties acquired through direct purchase, foreclosure or deed-in-lieu proceedings; to formalize the City Council's policies and procedures regarding housing loan defaults; to apply for federal or State funding; and to make other technical changes under the Director of Housing's Delegation of Authority. Ordinance No. 26657 further broadened the Director of Housing's authority to make adjustments, within defined parameters, to loans and grants previously approved by the City Council; to delegate jointly to the Director of Housing and Director of Finance authority related to the City's issuance of tax-exempt, private-activity bonds to finance the development of affordable housing projects; to delegate to the Director of Finance the authority to hold Tax Equity and Fiscal Responsibility Act (TEFRA) hearings on the City's proposed issuance of tax-exempt bonds to finance affordable housing projects and the authority to determine, within defined parameters, various terms and conditions of loans and grants previously approved by the City Council.

Under these parameters, the Director of Housing has taken the following actions during the period of April 1, 2003 to June 30, 2003:

Housing and Homeless Fund Grants

Community Technology Alliance (Portion of the Homeless Management Information System)	\$25,000
Emergency Housing Consortium (City's portion of the Off the Streets Project)	\$ 1,000
Casa Feliz (Reimbursement of Operating Expenses)	\$24,000
Emergency Housing Consortium (Reception Center Replacement of Kitchen Equipment)	\$33,173
T O T A L	\$83,173

Housing Rehabilitation and Improvement Loans and Grants:

<u>ACTIVITY</u>	<u>NUMBER</u>	<u>AMOUNT</u>
REHABILITATION LOANS	2	\$ 75,000
REHABILITATION GRANTS	24	\$ 299,194
PAINT GRANTS	216	\$ 249,101

It is important to note that the number of loans and grants approved is significantly lower than is typical. The reduction can attributed to budget constraints; to respond to concerns about funding, rehabilitation and improvement loans and grants were put on hold as of January 15, 2003. Applications and pre-site inspections were done for emergency repairs only.

Modifications to Council-Approved Loan Terms & Conditions

Evans Lane Family Apartments (Council District: 6, SNI: None): On June 4, 2003, the City's construction loan was allowed to subordinate to an additional \$410,000 lien from Bank of America to be used as security of payment on a swap program to fix the interest rate on the existing \$31,000,000 tax-exempt bonds for a period of 36 months. There is no additional cost to the City associated with the swap program. The project is a 239-unit family rental development affordable to extremely low-, very low- and low-income households.

Oak Circle Apartments (Council District 7, SNI: Tully/Senter): On June 6, 2003, the affordability restrictions were modified to reflect the following changes: From 15 One-Bedroom Units to be restricted at 30% AMI; 56 One-Bedroom Units to be restricted at 45% AMI; 20 One-Bedroom Units to be restricted at 50% AMI; and nine Two-Bedroom Units to be restricted at 45% AMI; to 15 One-Bedroom Units to be restricted at 25% AMI; 56 One-Bedroom Units to be restricted at 30% AMI; 20 One-Bedroom Units to be restricted at 50% AMI; and nine Two-Bedroom Units to be restricted at 45% AMI. The project is a 100-unit senior housing rental development affordable to extremely low-, very low- and low-income households.

Brooks House Senior Apartments (formerly San José Lutheran Senior Apartments)

Council District: 6, SNI: Burbank/Del Monte: On June 16, 2003, the City's permanent loan was subordinated to an amount not to exceed \$3,850,000. The City's permanent loan was moved to a 4th lien position on an interim basis, and will be moved back to 2nd lien position no later than December 31, 2003. The Property Management Company, not the Bond Trustee, will certify on behalf of the borrower the occupancy level as indicated in Section 2.01(j) of the Building Loan Agreement. The project is a 63-unit senior housing rental development affordable to very low- and low-income households.

Loans/Grants Terms and Conditions:Las Golondrinas Apartments – Council District: 5, SNI Area: Mayfair:

	Construction Phase	Permanent Phase
Conditional Grant	\$4,804,900	\$4,804,900
Total Affordable Units	49 Units	49 Units
Repayment	None Required	None Required
Conditions	49 ELI Units	49 ELI Units
Affordability Term	55 Years	55 Years

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Subject: Report on Activities Undertaken by the Director of Housing and the Director of Finance

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Turnleaf Apartments – Council District: 1, SNI Area: Winchester:

Permanent Phase

Loan Amount	\$2,775,000
Interest Rate	4% Compounded
Loan Term	30 Years
Repayment	Residual Receipts
Conditional Grant	\$0
Total Affordable Units	152 Units
Affordability Term	55 Years

Tax Equity and Fiscal Responsibility Act (TEFRA) Hearings by the Director of Finance:

Almaden Family Apartments – Hearing held on April 4, 2003 - \$35,000,000 – Certificate No. 2003-6 Adopted.

Del Oro Apartments – Hearing held on April 4, 2003 - \$9,500,000 – Certificate No. 2003-7 Adopted.

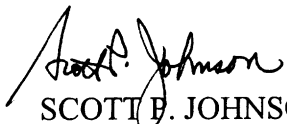
Vintage Tower Apartments – Hearing held on April 25, 2003 - \$5,500,000 – Certificate No. 2003-8 Adopted.


PUBLIC OUTREACH

The public has the opportunity to comment on projects during the Tax Equity and Fiscal Responsibility Act (TEFRA) hearings held by the Director of Finance. Notices for these meetings are published at least 21 days prior to the hearing date.

COORDINATION

This report has been coordinated with the City Attorney's Office.


SCOTT F. JOHNSON
Director of Finance


LESLIE CORSIGLIA
Director of Housing